

Income and Property Taxes

Property taxes

Vermont's property tax system includes two education tax rates, homestead (residential) and nonresidential. The nonresidential rate may be higher or lower than the residential rate. If the Accessory Dwelling Unit is rented out, the nonresidential rate will apply to the part of your house that is rented.

Income taxes

Rental income is taxable. You should get professional advice from your tax advisor.

Where to Get More Information

For Zoning and Local Health Ordinances

Local Planning Commission, Local Zoning Administrator, Zoning Board or Development Review Board, Town Health Officer

For Property Tax Information

Town Assessor or Board of Listers

For Construction, Electrical & Plumbing Permits

Dept. of Public Safety, Division of Fire Safety
Barre (802)-479-4434
Rutland (802)-786-5867
Springfield (802)-885-8883
Williston (802)-879-2300

For Residential Building Energy Codes

Public Service Dept. (802)-828-2811
Assistance Center 1-855-887-0673

For Water-Wastewater Permits

Dept. of Environmental Conservation
Montpelier (802)-828-5034
Essex Junction (802)-879-5656
Rutland (802)-786-5900
St. Johnsbury (802)-751-0130
Springfield (802)-289-0603

For Landlord – Tenant Laws

Vermont Tenants Inc. 1-802-864-0099

For Home Buying, Mortgage Information

Homeownership Centers
Barre (802)-476-4493
Brattleboro (802)-254-4604
Burlington (802)-862-6244
Lyndonville (888) 698-8466
West Rutland (802)-438-2303
St. Albans (802)-527-2361

Department of Housing & Community Development
One National Life Drive
Deane C. Davis Building, 6th Floor
Montpelier, VT 05620-0501
Phone: 802-828-3211
Fax: 802-828-3383
www.accd.vermont.gov

Adding An Apartment To Your House

For Homeowners



Accessory Dwelling Units
A GUIDE FOR HOME-
OWNERS
(24 V.S.A. Section 4412 (E))

What is an Accessory Dwelling Unit?

Accessory Dwelling Unit (ADU) means;

An apartment that is clearly subordinate to the owner-occupied house, and that includes all the amenities needed for independent living; including:

- Bedroom or sleeping area;
- Kitchen or food preparation area; and
- Bathroom facilities.

An Accessory Dwelling Unit may be located within or “appurtenant to” an owner-occupied house – (i.e. addition to the house, or detached, such as above a garage.)

Vermont’s law on equal treatment of housing and town bylaws allows homeowners to add one Accessory Dwelling Unit to their house.

These provisions, as amended, became effective July 1, 2020 and guide local officials when considering applications to add dwelling units to owner-occupied single family houses.

A municipal bylaw may not prevent a homeowner from adding an ADU on a single family owner-occupied lot as a permitted use as long as these conditions are met:

1. The property has sufficient wastewater capacity (i.e. septic or municipal sewer);
2. The Accessory Dwelling Unit equals no more than 30% of the total habitable square footage of the house or 900 square feet, whichever is greater. (As of July 1, 2020, ADU’s are not limited to only one bedroom.)
3. The proposed ADU is not in a regulated flood hazard or fluvial erosion area.

A bylaw may require a single-family dwelling with an ADU to be subject to the same reviews and controls as a single-family dwelling without an accessory dwelling unit.

Towns may also adopt a less restrictive bylaw, such as; allowing a larger sized unit, allowing ADUs within flood hazard and fluvial erosion areas, or allowing an administrative permit for an ADU with no added reviews.

A town may also regulate short-term rentals separately from residential rentals.

WHY ADD AN APARTMENT TO YOUR HOUSE?

- **Housing for an elderly parent or family member who otherwise could not live independently**
- **Extra income to you and your family if you rent the unit**
- **Help with mortgage payments to purchase your first home.**
- **Allow you to share your home with someone else but keep your privacy and theirs**
- **Supply housing for single persons and smaller households that don’t need a large unit.**

State Permitting Issues

Construction, Building, and Plumbing

ADUs that the Division of Fire Safety determines are public buildings will need a construction permit, which may vary based on ADU type and design. **Smoke and carbon monoxide (CO) detectors are required.** A permit is also required from the Division of Fire Safety for the electrical and plumbing work and a licensed plumber is required for any plumbing work. Some municipalities have local building regulations that may be more restrictive than State requirements. Contact your town office or city hall.

Energy Efficiency Requirements

If you change or add a heating system, add a bathroom, or put an addition onto your house or detached structure, Vermont’s Residential Building Energy Standards (RBES) will apply, and a Vermont RBES Certificate is required. Contact the Vermont Public Service Department (PSD) or the Energy Code Assistance Center (ECAC).

Drinking Water and Wastewater

Anyone who is considering creation of an Accessory Dwelling Unit should contact their Regional Environmental Office and obtain a written determination as to whether or not a permit is required. In most cases a permit will be required. **Even if the State determines that a permit is not required, a drinking water test is required.**

Responsibilities of Being a Landlord

Landlord – Tenant Laws

Vermont’s Landlord and Tenant Law (T. 9 Chapter 137) applies to rental of Accessory Dwelling Units. It includes things like leases, deposits, rent, privacy, tenant obligations, habitability, evictions, and unclaimed property. You should become familiar with the rights and obligations provided under this law. A good source of this information is the booklet [Renting in Vermont](#) published by the CVOEO Vermont Tenant’s Inc.

Vermont Rental Housing Health Code

The Rental Housing Health Code applies to all rented dwelling units used as a regular residence. Its requirements cover sanitation, including bathrooms and kitchens; water and sewage disposal, trash removal, ventilation; lighting and heating, structural integrity, and insect and rodent control. The local Board of Health and Town Health Officer are responsible for enforcement of the code.

BENEFITS OF ACCESSORY DWELLING UNITS

- **Increase the supply of housing without using up more land, within locally controlled, community based guidelines.**

Lead Paint

Lead laws apply to any apartment with at least one bedroom in buildings built before 1978. Vermont’s Lead Law requires Essential Maintenance Practices (EMP’s) to be completed. At the start or renewal of a lease, the EPA/HUD Lead Disclosure must be provided to the tenant. Detailed information is available from the Vermont Department of Health Lead Resource Guide for Property Owners.

Fair Housing

Rental of an Accessory Dwelling Unit is exempt from Vermont’s Fair Housing Law as long as the unit is attached to your house (and provided your house doesn’t contain more than 3 dwelling units.) Race-based discrimination is illegal regardless of the number of units under Federal